

Property Tax Payments, 2002-2003

- Carroll County -

Indiana Legislative Services Agency

June 2005

The Indiana Supreme Court found Indiana's true tax value assessment rules to be unconstitutional in December 1998. Major changes in property tax payments in each county from 2002 to 2003 were caused by several factors, including:

- The move from the old true tax value assessment rules to the new market-oriented rules during the 2002-2003 property tax reassessment.
- Tax levy increases by local taxing units, which are influenced by spending and the availability of other revenue sources.
- The tax restructuring provisions enacted by the General Assembly in 2002 to help mitigate some of the effects of the assessment changes.

State Tax Credits Increased in Carroll County from \$3.2 Million in 2002 to \$5.8 Million in 2003.

The General Assembly's restructuring provisions increased state tax credits statewide in 2003 from \$1.12 billion to \$1.87 billion, an increase of approximately \$748 million. In Carroll County, state tax credits

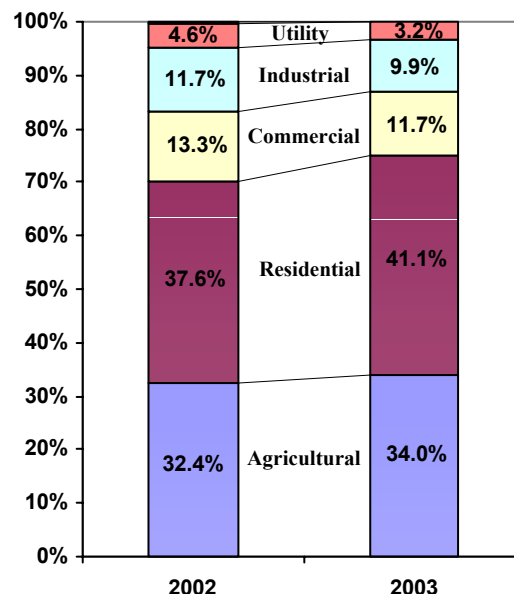
Table 1. Changes in AV and Tax Bills by Property Class for Carroll County, 2002-2003.

Property Class	Change In		
	Total Gross AV	Net AV	Net Tax Bill
Agricultural	80.3%	72.2%	1.2%
Residential (All)	113.0%	80.5%	5.6%
Homestead Only	119.7%	70.7%	-0.3%
Commercial	32.5%	31.1%	-15.2%
Industrial	15.9%	19.3%	-18.6%
Utility	2.5%	2.5%	-32.6%
Avg. All Classes	79.5%	62.4%	-3.2%

increased from \$3.2 million to \$5.8 million, an increase of \$2.6 million. This paper provides a brief summary of how these factors changed property tax liabilities in Carroll County.

Tax Shifts. Carroll County saw a property tax shift from businesses to residential and agricultural property owners. Tax bills paid by residential property owners increased, agricultural property taxes rose slightly, while tax bills paid by commercial, industrial, and utility property owners decreased (see Table 1). [Restructuring also incorporated an increase in the Utility Receipts Tax to compensate for reduced property tax payments by utilities.] The reason for these shifts between classes of property was that the total of real plus personal property assessed values (AV) of residential and agricultural property increased more than the assessed values of business property. Gross assessed values of residential property more than doubled, and agricultural property increased significantly. Commercial, industrial, and utility assessments rose much less. These figures include the

Figure 1. Share of Net Property Tax Billings in Carroll County.



* May not total 100% due to taxes paid by exempt/undefined parcels.

effects of new construction, demolition and remodeling of property, as well as the effects of reassessment, tax restructuring and levy increases.

Homeowners and Renters. The residential property type includes both homestead and non-homestead residential property. Tax bills for owners of residential homesteads in Carroll County were virtually unchanged, and tax bills of agricultural homesteads decreased slightly. Tax bills on residential property in total increased. A property is eligible for the homestead deduction and credit if it is occupied by its owner and is the owner's primary residence. The increase in the homestead deduction from \$6,000 to \$35,000 is the reason that residential net assessed value rose so much less than gross assessed value.

Tax bills on non-homestead residential property, which is primarily rental property, increased while taxes on homesteads decreased. Taxes rose because rental assessments increased as much as homestead assessments, but rental property was not eligible for the homestead deduction or homestead credit.

Table 2 shows tax changes for comparable properties, those with physical features that were unchanged from 2002 to 2003. In Carroll County, more residential property owners (including both homeowners and rental property owners) saw tax bill increases than decreases in 2003. Separately, almost three-quarters of all homestead owners saw tax decreases rather than increases.

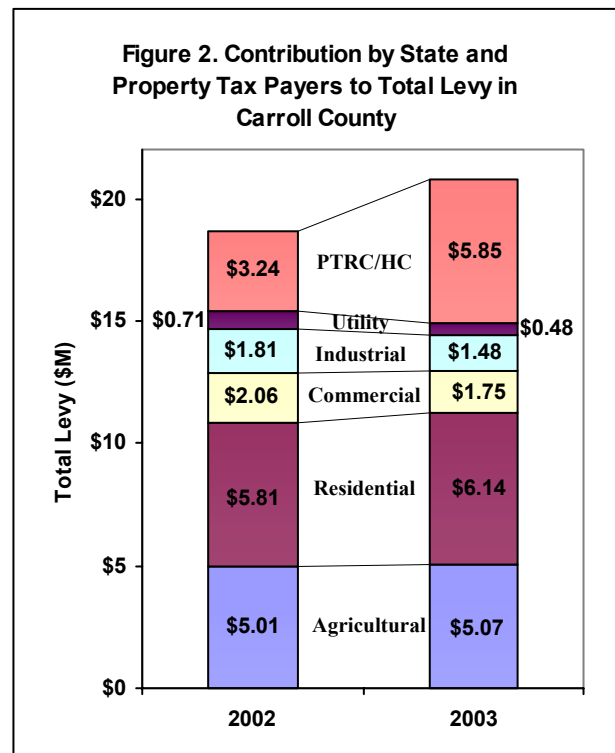
Table 2. Distribution of Net Tax Changes on Comparable Residential Property in Carroll County.				
	Residential - Actual -	Homestead - Actual -	Residential - NO Levy Change -	Homestead - NO Levy Change -
Increased	53.2%	27.0%	43.9%	17.1%
Decreased	46.8%	73.0%	56.1%	82.9%
Increased 100% or More	16.1%	3.0%	13.2%	2.2%
Decreased 25% or More	22.9%	33.9%	32.1%	50.2%
Average Change (\$)	\$15	-\$84	-\$39	-\$151
Average Change (%)	3.2%	-11.9%	-8.2%	-21.4%
* Percentages represent the percentage of parcels affected.				

Not all of the tax bill change was due to reassessment and tax restructuring. Some was due to increases in the tax levies of local units of government. Table 2 shows estimates of what would have happened had tax levies remained unchanged. The estimates are made by recalculating tax rates for 2003 using tax levies from 2002.

With no levy changes, less than half of all residential property owners would have seen tax increases, and more would have seen tax decreases. Only 17% of homesteads would have seen tax increases, while 83% would have seen decreases. With or without levy increases, reassessment and restructuring reduced the taxes of significantly more homeowners than they increased.

Agriculture. Taxes on agricultural property in Carroll County rose slightly. Overall, agricultural business taxes rose while agricultural homestead taxes decreased, though both changes were small. The net assessed value on non-homestead agricultural real property almost doubled. This reflects the 112% increase in the base rate of farm land, from \$495 to \$1,050 per acre. Agricultural net personal property assessments increased by a small amount.

Business. Taxes on business property fell in Carroll



County because assessed values rose much less than residential and agricultural assessments. Business real property was assessed closer to the market value standard under the old assessment rules than was residential property. Consequently, the shift to market value assessment increased business assessments less. The general rise in assessed values in Carroll County reduced tax rates, and this cut tax bills for owners of property with smaller assessment increases, like businesses.

Tax Restructuring. The tax restructuring of 2002 made significant changes to property tax assessments, deductions, credits, and hence to overall tax payments. Restructuring reversed personal property rule changes which the Department of Local Government Finance had put in place. It replaced one tax break for homeowners, known as the shelter allowance, with a larger (in most cases) homestead deduction. Restructuring also increased property tax replacement credits (PTRC) from the existing 20% credit. PTRC on school general fund levies is now 60% for all property. A 20% PTRC is paid to real property owners on civil levies plus the remaining school general fund levies (after the 60% credit). Restructuring also raised the homestead credit to 20% of net qualifying levies, instead of allowing it to revert to 4% of gross qualifying levies in 2003. Figure 2 shows the net levies paid by each property classification along with the PTRC and state homestead credit contributions. The contribution to local levies in Carroll County by PTRC and state homestead credit payments increased by approximately 80%, from \$3.2 million to \$5.8 million.

Table 3 shows estimates of how Carroll County tax bills would have changed for each property type had tax restructuring not been adopted. Tax increases for residential and agricultural property owners would have been large, particularly for residential property owners. The increases in the homestead deduction and PTRC in the tax restructuring reduced the size of these tax increases. Carroll County residential property taxes still increased. However, homestead property decreased slightly because the reassessment business-to-residential tax shift, plus the increase in the tax levy, was offset by the rise in the homestead deduction and higher state PTRC payments. The larger PTRC payments are also responsible for increasing the tax cuts received by commercial property. The elimination of PTRC for personal property was responsible for reducing the tax cuts received by industrial and utility property. The percentage changes in the "With Restructuring" column of Table 3 correspond to the changes in the net levies in Figure 2.

Table 3. Effect of Tax Restructuring on Tax Bills by Property Type in Carroll County, 2002-2003.			
Property Type	No Restructuring (Estimated)	With Restructuring (Actual)	Difference
Agricultural	11.9%	1.2%	-10.6%
Residential (All)	43.7%	5.6%	-38.1%
Homestead Only	59.7%	-0.3%	-60.0%
Commercial	-13.6%	-15.2%	-1.6%
Industrial	-20.6%	-18.6%	1.9%
Utility	-40.1%	-32.6%	7.6%

List of Attached Summary Tables. Four summary tables are attached to provide additional information regarding assessed values and taxes by property class.

Summary Table 1: Comparison of 2002 and 2003 Net Property Tax Billings by Property Classification. This table summarizes net tax billings for real and personal property by property class. Additional information is provided for subclasses such as homesteads, agricultural homesteads, agricultural land, and rental properties.

Summary Table 2: Comparison of 2002 and 2003 Net Assessed Value by Property Classification. This table summarizes net assessed values for the same property classes described in Summary Table 1.

Summary Table 3: Changes in Assessed Values, Deductions, Credits, and Net Levies. This table summarizes the county-wide changes in tax bill components from 2002 to 2003 for real and personal property by property class.

Summary Table 4: Residential Property Summary. This table summarizes the assessed value and net tax changes from 2002 to 2003 for residential property. The table includes a distribution of net tax changes for comparable residential properties and for the homestead component of residential property. The table also depicts the distribution of changes as if there were no levy increase in 2003.

Carroll County
Changes in Assessed Values, Deductions, Credits and Net Levies
Pay 2002 - Pay 2003

	Total	Agriculture	Residential	Res-Hmstd	Commercial	Industrial	Utility
Pay 2002							
Real Gross Assessed Value	562,606,145	204,755,989	281,888,161	197,147,268	43,930,476	31,200,672	830,847
Real Deductions	48,597,434	7,579,447	39,175,100	39,175,100	162,528	1,680,359	0
Real Net Assessed Value	514,008,711	197,176,542	242,713,061	157,972,168	43,767,948	29,520,313	830,847
Personal Gross Assd. Value	120,936,065	27,665,703	3,023,591	0	29,503,539	33,322,019	27,421,213
Personal Deductions	1,428,120	0	1,920	0	669,630	756,570	0
Personal Net Assd. Value	119,507,945	27,665,703	3,021,671	0	28,833,909	32,565,449	27,421,213
Total Gross Assessed Value	683,542,210	232,421,692	284,911,752	197,147,268	73,434,015	64,522,692	28,252,060
Total Deductions	50,025,554	7,579,447	39,177,020	39,175,100	832,158	2,436,929	0
Total Net Assessed Value	633,516,656	224,842,245	245,734,732	157,972,168	72,601,857	62,085,763	28,252,060
Gross Levy	18,678,278	5,916,793	7,358,770	4,796,671	2,436,112	2,135,080	831,523
PTRC (Calculated)	2,741,114	824,509	1,098,230	714,431	375,818	320,971	121,586
State/County Homestead Cr. (Calculated)	532,625	86,669	445,956	445,956	0	0	0
Net Levy	15,404,539	5,005,614	5,814,585	3,636,284	2,060,293	1,814,109	709,937
Pay 2003							
Real Gross Assessed Value	1,095,607,800	389,928,589	603,115,106	433,230,609	60,930,098	37,982,530	3,651,477
Real Deductions	196,009,185	31,721,532	163,493,790	163,493,790	787,761	6,102	0
Real Net Assessed Value	899,598,615	358,207,057	439,621,316	269,736,819	60,142,337	37,976,428	3,651,477
Personal Gross Assd. Value	131,313,240	29,028,249	3,818,887	0	36,335,826	36,817,771	25,312,507
Personal Deductions	2,072,620	0	1,500	0	1,314,550	756,570	0
Personal Net Assd. Value	129,240,620	29,028,249	3,817,387	0	35,021,276	36,061,201	25,312,507
Total Gross Assessed Value	1,226,921,040	418,956,838	606,933,993	433,230,609	97,265,925	74,800,301	28,963,984
Total Deductions	198,081,805	31,721,532	163,495,290	163,493,790	2,102,311	762,672	0
Total Net Assessed Value	1,028,839,235	387,235,306	443,438,703	269,736,819	95,163,614	74,037,629	28,963,984
Gross Levy	20,843,114	7,078,951	9,102,554	5,608,684	2,243,764	1,834,199	583,646
PTRC (Calculated)	5,402,645	1,934,864	2,509,292	1,529,544	496,002	357,618	104,869
State/County Homestead Cr. (Calculated)	529,948	76,073	453,874	453,874	0	0	0
Net Levy	14,910,521	5,068,013	6,139,388	3,625,265	1,747,762	1,476,582	478,777

COMPARISONS

Net Levy Percent Change	-3.2%	1.2%	5.6%	-0.3%	-15.2%	-18.6%	-32.6%
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Contributions to Tax Bill Changes, 2002-2003

Percent Changes	Total	Agriculture	Residential	Res-Hmstd	Commercial	Industrial	Utility
Gross Real AV	94.7%	90.4%	114.0%	119.7%	38.7%	21.7%	339.5%
Gross Personal AV	8.6%	4.9%	26.3%	0.0%	23.2%	10.5%	-7.7%
Total Gross Assessed Value	79.5%	80.3%	113.0%	119.7%	32.5%	15.9%	2.5%
Net Assessed Value	62.4%	72.2%	80.5%	70.7%	31.1%	19.3%	2.5%
Gross Levy	11.6%	19.6%	23.7%	16.9%	-7.9%	-14.1%	-29.8%
Net Levy	-3.2%	1.2%	5.6%	-0.3%	-15.2%	-18.6%	-32.6%

Actual State Credits, 2002 and 2003

	2002	2003	Change	Change%
PTRC (Abstract)	2,676,626	5,294,993	2,618,367	97.8%
State Homestead Cr. (Abstract)	564,802	552,721	-12,081	-2.1%
Total State Credits (Abstract)	3,241,428	5,847,714	2,606,286	80.4%

Comparison of 2002 and 2003 Net Property Tax Billings*
(Scaled to Abstract Values)
By Property Classification**
Carroll County

Property Classification	2002 Net Tax	2003 Net Tax	Difference***	Change***	2002 % of Total Real + Pers	2003 % of Total Real + Pers	Change
<u>Real + Personal</u>							
Agricultural	5,005,614	5,068,013	62,399	1.2%	32.4%	34.0%	1.6%
Residential	5,814,585	6,139,388	324,803	5.6%	37.6%	41.1%	3.5%
Commercial	2,060,293	1,747,762	-312,531	-15.2%	13.3%	11.7%	-1.6%
Industrial	1,814,109	1,476,582	-337,527	-18.6%	11.7%	9.9%	-1.8%
Utility	709,937	478,777	-231,160	-32.6%	4.6%	3.2%	-1.4%
Exempt	51,336	13,443	-37,893	-73.8%	0.3%	0.1%	-0.2%
Undefined	0	0	0		0.0%	0.0%	0.0%
Total	15,455,874	14,923,965	-531,909	-3.4%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	4,380,939	4,631,922	250,983	5.7%	28.3%	31.0%	2.7%
Residential	5,742,784	6,084,750	341,966	6.0%	37.2%	40.8%	3.6%
Commercial	1,240,432	1,044,968	-195,464	-15.8%	8.0%	7.0%	-1.0%
Industrial	867,539	707,537	-160,002	-18.4%	5.6%	4.7%	-0.9%
Utility	24,391	47,670	23,279	95.4%	0.2%	0.3%	0.2%
Exempt	51,336	13,443	-37,893	-73.8%	0.3%	0.1%	-0.2%
Undefined	0	0	0		0.0%	0.0%	0.0%
Total	12,307,421	12,530,290	222,869	1.8%	79.6%	84.0%	4.3%
Agricultural Homesteads	1,364,551	1,327,580	-36,971	-2.7%	8.8%	8.9%	0.1%
Residential Homesteads	3,636,284	3,625,265	-11,019	-0.3%	23.5%	24.3%	0.8%
Total Homesteads	5,000,835	4,952,845	-47,990	-1.0%	32.4%	33.2%	0.8%
Non-Homestead Residential	2,106,500	2,459,485	352,985	16.8%	13.6%	16.5%	2.9%
Apartments (Over 4 Units)	65,925	79,450	13,525	20.5%	0.4%	0.5%	0.1%
<u>Personal Property Only</u>							
Agricultural	624,675	436,091	-188,584	-30.2%	4.0%	2.9%	-1.1%
Residential	71,801	54,638	-17,163	-23.9%	0.5%	0.4%	-0.1%
Commercial	819,861	702,794	-117,067	-14.3%	5.3%	4.7%	-0.6%
Industrial	946,571	769,045	-177,526	-18.8%	6.1%	5.2%	-1.0%
Utility	685,546	431,107	-254,439	-37.1%	4.4%	2.9%	-1.5%
Total	3,148,454	2,393,675	-754,779	-24.0%	20.4%	16.0%	-4.3%
Total Depreciables	2,269,088	1,436,425	-832,663	-36.7%	14.7%	9.6%	-5.1%
Total Inventory	807,565	902,612	95,047	11.8%	5.2%	6.0%	0.8%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	3,016,389	3,304,342	287,953	9.5%	19.5%	22.1%	2.6%
Ag Personal	624,675	436,091	-188,584	-30.2%	4.0%	2.9%	-1.1%
Total Ag Business	3,641,064	3,740,433	99,369	2.7%	23.6%	25.1%	1.5%
Ag Homesteads	1,364,551	1,327,580	-36,971	-2.7%	8.8%	8.9%	0.1%

* "Tax billings" for real property refers to the net taxes charged per the parcel level data received from county auditors and assessors, scaled to values reported on the county auditor's abstract.

* "Tax billings" for personal property refers to the net taxes charged on the personal property assessed value reported on the county auditor's abstract.

** Property class was determined using a combination of county auditor parcel-level real property tax data, county assessor parcel-level real property assessment data, county auditor abstracts, Form 15 personal property assessment data, business and farmer's personal property tax returns over \$150,000 AV, and state distributable utility tax returns.

*** Net tax changes from 2002 to 2003 include effects of changes in assessment methods, local levies, real property physical characteristics, property use, personal property held or acquired, deductions, and credits.

Comparison of 2002 and 2003 Net Assessed Value*
(Scaled to Abstract Values)
By Property Classification**
Carroll County

Property Classification	2002 Net AV	2003 Net AV	Difference***	Change***	2002 % of Total Real + Pers	2003 % of Total Real + Pers	Change
<u>Real + Personal</u>							
Agricultural	224,842,245	387,235,306	162,393,061	72.2%	35.4%	37.6%	2.2%
Residential	245,734,732	443,438,703	197,703,971	80.5%	38.7%	43.1%	4.4%
Commercial	72,601,857	95,163,614	22,561,757	31.1%	11.4%	9.2%	-2.2%
Industrial	62,085,763	74,037,629	11,951,866	19.3%	9.8%	7.2%	-2.6%
Utility	28,252,060	28,963,984	711,924	2.5%	4.4%	2.8%	-1.6%
Exempt	2,132,235	722,210	-1,410,025	-66.1%	0.3%	0.1%	-0.3%
Undefined	0	0	0		0.0%	0.0%	0.0%
Total	635,648,892	1,029,561,446	393,912,554	62.0%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	197,176,542	358,207,057	161,030,515	81.7%	31.0%	34.8%	3.8%
Residential	242,713,061	439,621,316	196,908,255	81.1%	38.2%	42.7%	4.5%
Commercial	43,767,948	60,142,337	16,374,389	37.4%	6.9%	5.8%	-1.0%
Industrial	29,520,313	37,976,428	8,456,115	28.6%	4.6%	3.7%	-1.0%
Utility	830,847	3,651,477	2,820,630	339.5%	0.1%	0.4%	0.2%
Exempt	2,132,235	722,210	-1,410,025	-66.1%	0.3%	0.1%	-0.3%
Undefined	0	0	0		0.0%	0.0%	0.0%
Total	516,140,946	900,320,825	384,179,879	74.4%	81.2%	87.4%	6.2%
Agricultural Homesteads	63,853,199	106,160,490	42,307,291	66.3%	10.0%	10.3%	0.3%
Residential Homesteads	157,972,168	269,736,819	111,764,651	70.7%	24.9%	26.2%	1.3%
Total Homesteads	221,825,367	375,897,309	154,071,942	69.5%	34.9%	36.5%	1.6%
Non-Homestead Residential	84,740,893	169,884,496	85,143,603	100.5%	13.3%	16.5%	3.2%
Apartments (Over 4 Units)	1,992,827	3,763,189	1,770,362	88.8%	0.3%	0.4%	0.1%
<u>Personal Property Only</u>							
Agricultural	27,665,703	29,028,249	1,362,546	4.9%	4.4%	2.8%	-1.5%
Residential	3,021,671	3,817,387	795,716	26.3%	0.5%	0.4%	-0.1%
Commercial	28,833,909	35,021,276	6,187,367	21.5%	4.5%	3.4%	-1.1%
Industrial	32,565,449	36,061,201	3,495,752	10.7%	5.1%	3.5%	-1.6%
Utility	27,421,213	25,312,507	-2,108,706	-7.7%	4.3%	2.5%	-1.9%
Total	119,507,945	129,240,620	9,732,675	8.1%	18.8%	12.6%	-6.2%
Total Depreciables	85,091,963	78,714,131	-6,377,832	-7.5%	13.4%	7.6%	-5.7%
Total Inventory	31,394,310	46,709,102	15,314,792	48.8%	4.9%	4.5%	-0.4%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	133,323,343	252,046,567	118,723,224	89.0%	21.0%	24.5%	3.5%
Ag Personal	27,665,703	29,028,249	1,362,546	4.9%	4.4%	2.8%	-1.5%
Total Ag Business	160,989,046	281,074,816	120,085,770	74.6%	25.3%	27.3%	2.0%
Ag Homesteads	63,853,199	106,160,490	42,307,291	66.3%	10.0%	10.3%	0.3%

* "Net Assessed Value" for real property refers to the gross AV less deductions per the parcel level data received from county auditors and assessors, scaled to values reported on the county auditor's abstract.

* "Net Assessed Value" for personal property refers to the gross personal property assessed value reported on the county auditor's abstract less the deductions reported on the abstract.

** Property class was determined using a combination of county auditor parcel-level real property tax data, county assessor parcel-level real property assessment data, county auditor abstracts, Form 15 personal property assessment data, business and farmer's personal property tax returns over \$150,000 AV, and state distributable utility tax returns.

*** Net AV changes from 2002 to 2003 include effects of changes in assessment methods, real property physical characteristics, property use, personal property held or acquired, and deductions.

**Carroll County
Residential Property Summary
2003 Reassessment**

Property Type	Change in Gross AV 2001 to 2003	Change in Net AV 2001 to 2003	Change in Net Tax 2002 to 2003	Change in Net Tax With NO Cert. Levy Chg. 2002 to 2003
All Real Residential Properties	121%	87%	10%	-3%
Comparable Residential Real Prop.	109%	76%	3%	-8%
Comparable Homesteads	102%	51%	-12%	-21%

Distribution of Net Tax Changes on Comparable Residential Property

% Change		2002 to 2003 Actual Bills All Residential Property		2002 to 2003 Actual Bills Homesteads Only		2002 to 2003 Recomputed Bills With NO Certified Levy Change All Residential Property		2002 to 2003 Recomputed Bills With NO Certified Levy Change Homesteads	
Over	300%	538	4.7%	42	0.8%	446	3.9%	36	0.7%
200%	to 300%	360	3.1%	24	0.4%	293	2.6%	20	0.4%
100%	to 200%	953	8.3%	97	1.8%	770	6.7%	59	1.1%
50%	to 100%	1,143	10.0%	160	2.9%	937	8.2%	118	2.2%
25%	to 50%	1,039	9.1%	255	4.7%	853	7.5%	167	3.1%
10%	to 25%	933	8.2%	389	7.1%	793	6.9%	217	4.0%
5%	to 10%	414	3.6%	209	3.8%	317	2.8%	121	2.2%
0	to 5%	705	6.2%	294	5.4%	611	5.3%	196	3.6%
0	to -5%	442	3.9%	320	5.9%	469	4.1%	217	4.0%
-5%	to -10%	604	5.3%	401	7.4%	483	4.2%	287	5.3%
-10%	to -25%	1,685	14.7%	1,408	25.8%	1,794	15.7%	1,278	23.4%
-25%	to -50%	1,547	13.5%	1,272	23.3%	2,366	20.7%	1,961	36.0%
Below	-50%	1,075	9.4%	580	10.6%	1,306	11.4%	774	14.2%
		11,438	100.0%	5,451	100.0%	11,438	100.0%	5,451	100.0%
Parcels With Increases		6,085	53.2%	1,470	27.0%	5,020	43.9%	934	17.1%
Parcels With Reductions		5,353	46.8%	3,981	73.0%	6,418	56.1%	4,517	82.9%
Average \$ Change			\$15		-\$84		-\$39		-\$151
Average % Change			3.2%		-11.9%		-8.2%		-21.4%

"Comparable Properties" = Properties with a record in both years that have improvements in both years OR no improvements in both years.

Data Source: 2001 and 2003 County Parcel Tax Data - County Auditor and County Assessor

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